

PROCEEDINGS OF THE BROWN COUNTY
ADMINISTRATION COMMITTEE

Pursuant to Section 19.84 Wis. Stats., a special meeting of the Brown County Administration Committee was held on Wednesday, April 17, 2019 in Room 207, City Hall, 100 North Jefferson St, Green Bay, WI

Present: Chair Sieber, Vice Chair Kneiszel, Supervisor Vander Leest, Supervisor Deneys
Excused: Supervisor Schadewald
Also Present: Supervisor Evans, Supervisor Borchardt, Supervisor Van Dyck, Corp Counsel Dave Hemery, PMA Financial Advisor Bryan Della, Director of Administration Chad Weininger, Baird Managing Director John Mehan

I. Call to Order:

The meeting was called to order by Chair Sieber at 6:30 p.m.

II. Approve/Modify Agenda.

Motion made by Supervisor Vander Leest, seconded by Supervisor Deneys to approve. Vote taken. MOTION CARRIED UNANIMOUSLY

Comments from the Public. None.

Administration

1. Resolution Authorizing and Approving the Contribution of Property to the Ashwaubenon CDA and Authorizing and Approving a New Lease with the Ashwaubenon CDA Regarding the Brown County Expo Center and Resch Center.

Director of Administration Chad Weininger introduced John Mehan Managing Director of Baird and Financial Advisor Bryan Della to give more information regarding this topic. Mehan passed out a handout that is attached to these minutes regarding the lease revenue bonds involved in this project.

Mehan spoke to the finances of the project and noted that he worked on the 1999 Resch Center project as well. This project would be very much in line with what the Resch Center was. What they are suggesting is the issuance of quiet enjoyment lease revenue bonds which are issued by the CDA. What happens is, they build the project and lease it to the County and through that pass through they are able to have a longer structure of the debt. The structure being looked at right now is 35 years which takes this to 2054. The Resch Center, in comparison, was 30 years. Due to revisions that will be made to the management agreement during that time period, bond council will be able to opine that this debt will be exempt from both Federal debt and State of Wisconsin taxes as well. The debt itself will be supported by room taxes, which will first be used to take care of the 1999 issues, specifically between the Resch and Convention Center. The revenues have come in and made debt service on those two issues. In 2013, when the Convention Center was expanded, the excess room taxes were to support those payments. Now, the excess of the excess will support the Expo Center. An independent firm out of Chicago that have worked on the 1999 project have updated their study to take a look at the room tax flow. Ultimately, this is a lease structure between the CVA and the County. The CVA has no liability as they are a conduit issuer, which simply get the County to the marketplace and therefore take no responsibility for the repayment of the debt. The quiet enjoyment lease is the flow of these funds, so the rating for these bonds will be based on the rating of the County. The County has a AAA rating for the general obligation debt they issue, but as this is a lease revenue bond it is not at the same structuring level and will therefore be knocked down by the rating agencies. They are basing their rating on the credit worthiness of the County which will still be a strong rating. The concept is that the room tax support the debt service. They started working

on this in January 2017 so this has been a process. Assuming approval of the County Board they should be going into the marketplace and providing funds by the middle of June. In the structure there will be a debt service reserve fund included and there is an existing room tax stabilization fund which will remain at \$5 million and at first draw would be used for any unforeseen 1999 issues. In the future, because of the flow of the funds, this could grow into a \$7 million reserve fund. Altogether, it will be approximately \$90 million but there is still a lot of work to be done.

County Financial Advisor Brian Della added that there are additional nuances here with the new facility.

Supervisor Vander Leest wondered what the actual debt payment per month would be.

Della stated that this is interesting because it is increasing over time and the payment on the new debt is limited in terms of the first 10 or so years because of the existing 1999 debt. It would be about \$2.5 million to start and then by the end it would be around \$13 million at about 35 years. This is growing at a little over 3% for a period of time and depending on what the room tax study indicates it could drop down to 2.5%.

Mehan had stated that they anticipated the structure to have interest bonds for the first 20 years or so where every 6 months the bond holder gets an interest payment. These will match the existing 1999 bond structures. At the back end of the structure after the first 20 years there will be capital appreciation bonds where you pay a lower dollar amount and get a fuller dollar amount of maturity.

Della noted that these are attractive because they are double tax exempt which is always quite favorable.

Supervisor Evans asked why the County can't bond.

Mehan replied that the amortization the County can have is a 20 year issue and this is the most they can do. This is a lease revenue bond where there will be a longer amortization and take advantage of the cash flow as they are working around existing debt that pays off in 2029 from the Resch and the Convention Center projects respectively.

Della added that it is in the County's interest to not directly issue this debt because a lot of things that debt servicers look at is how much debt and debt service that is there already so incurring more debt would be inadvisable.

Evans disagreed and thought that his was a political statement.

Corp Counsel Dave Hemery highlighted that the sales tax ordinance may prohibit bonding.

Supervisor Evans said that this would be an issue brought up at the Board meeting and wanted to say that he supports it overall. The problem that he has is that the County is giving Ashwaubenon the building, the land but the County ends up being on the hook to pay for it and to do all the maintenance even though it doesn't own it and this is bad business. It's like letting someone live in a brand new house and paying for everything but then in 35 years they will give it back. This is a bad deal in his eyes.

Della stated that this structure is the only way that they can have room taxes pay for the new Expo Center over a 20 year time period.

Chair Sieber wondered if this would move to top priority to be paid off in terms of room tax or where would it stand in terms of the other projects underneath that tax already.

Mehan stated this would be above other things. When the 2 1999 issues go away in 2019, priority changes for this to go up to the top of the list.

Sieber wondered that if other projects come in after this one that want to use the room tax dollars they would take a lower priority than this one. He asked if there was an entity that sets that order.

Mehan said that with the cooperation agreement that this would be the top priority.

Director of Administration Chad Weininger said that these terms cannot really be changed because when the bonds were issued there was an understanding that this was the flow. The issuance is based on these assumptions. After 2029 there are access funds that will be available for the municipalities.

Supervisor Van Dyck added that a lot of the surplus gets chewed up by the new bond issue. The Expo Hall bond would be at one level now and then ramps up to take a portion of the financing that was being used for other things it then gets allocated to the Expo Hall. The majority of the money for the project is already accounted for.

Della stated that they did build in some extra, just not enough to do a new building.

Motion made by Supervisor Vander Leest, seconded by Supervisor Kneiszel to approve. Vote taken. MOTION CARRIED UNANIMOUSLY

Other

2. **Such other matters as authorized by law. None.**
3. **Adjourn.**

Motion made by Supervisor Deneys, seconded by Supervisor Kneiszel to adjourn at 6:47 pm. Vote taken. MOTION CARRIED UNANIMOUSLY.

Respectfully submitted,

Cayden Lasecki
Administrative Assistant

Brown County – Expo Center
Ashwaubenon CDA
LEASE REVENUE BONDS
FINANCING TERM/ASSUMPTIONS SHEET

BAIRD

Bond Structure & Assumptions:

Issuer:	Village of Ashwaubenon Community Development Authority (CDA)
Description:	Lease Revenue Bonds
Lessor:	CDA
Lessee:	Brown County
Obligor:	Brown County
Municipal Advisor:	PMA
Underwriter:	Baird
Bond Counsel:	Foley & Lardner, LLP
Issuer Counsel:	Quarles & Brady LLP
Underwriter Counsel:	Reinhart Boerner s.c.
Trustee:	Associated Trust
Rating Agency:	TBD
Preliminary Amount of Bonds:	\$TBD (\$93,000,000 deposit to Project Fund)
Costs of Issuance:	Paid from bond proceeds
Dated Date:	June 5, 2019
Final Stated Maturity:	June 1, 2054
Est. Interest Rate (AIC):	4.19% - Estimated <u>fixed rate</u> (as of March 12, 2019)
Interest Payments:	Semi-annually, commencing December 1, 2019
Principal Payments:	Current Interest Bonds (2021-2044) Capital Appreciation Bonds (2045-2054)
Prepayment Options:	TBD
Mandatory Redemption:	The Bonds are subject to mandatory Redemption, semiannually on any interest payment date, from excess construction proceeds as of 35 days prior to such interest payment date, <u>without penalty</u> and <u>without premium</u> , in inverse order of maturity.
Flow of Funds:	Room Taxes are recorded by the Trustee on a monthly basis. The Trustee will test the bond fund balance to ensure funds are available for the next principal and interest or interest only amount which is due.
Tax Status:	Federal and State tax-exempt
Rating:	TBD

Brown County – Expo Center

Ashwaubenon CDA

LEASE REVENUE BONDS

FINANCING TERM/ASSUMPTIONS SHEET

Security:	Pledge of a portion of the Hotel/Motel Room taxes. Quiet Enjoyment Lease between CDA and Brown County
Debt Service Coverage:	TBD
Debt Service Reserve Fund ("DSRF"):	The DSRF is funded (upon closing) at the lesser of: 10% of par; 100% of maximum annual net debt service; or 125% average annual net debt service.
Room Tax Stabilization Fund ("RTSF"):	The RTSF is funded (upon closing) in the amount of TBD